



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 11, 1997

Susan L. Valentine
Treasury Department
Holnam, Incorporated
6211 Ann Arbor Road
P.O. Box 122
Dundee, Michigan 48131

Re: Replacement Surety Bonds, Holnam Inc., Devil's Slide Plant (M/029/001) and Poverty Point (M/045/012), Morgan and Tooele Counties, Utah

Dear Ms. Valentine:

On June 5, 1997, the Division received your letters regarding replacement surety bonds for Holnam's Devil's Slide Plant and Poverty Point Limestone Quarry sites. The letters stated you were going to replace the St. Paul bonds currently posted with United Pacific Insurance Company bonds. Bond _____ was replacing St. Paul Bond _____ for the Devil's Slide Plant and bond _____ was to replace St. Paul Bond _____ for the Poverty Point Limestone Quarry.

Attached to the letters were Reclamation Contracts and a Power of Attorney page. The original bonds *were not* included with these documents. The Reclamation Contracts were submitted on our old 1991 forms which have been revised. We are unable to accept these Reclamation Contracts and are returning them for your disposal.

As agreed in our phone conversation of June 5th, I am sending you a new revised Reclamation Contract form (MR-RC) and a new revised suety bond form (MR-5) to Virginia Townsend of Johnson and Higgins, along with a copy of this letter. Please *do not* complete the contract and surety forms until the Division has had a chance to update the reclamation surety amounts to 2002 dollars.

We did receive Johnson and Higgins letter of April 11th stating that these bonds were going to be replaced. We apologize for not responding sooner to inform you that our Board requires that we update the surety amounts whenever a surety is revised. The Division will update the surety estimate within the next ten days and send a copy of the surety updates to you and Virginia Townsend.

As operator, you have the right to manage your reclamation sureties as you see fit; however, please be aware that we are required to update the surety amount whenever the documents are being revised. Consequently, our updates may increase the surety amounts and negate the financial benefits you are seeking by replacing sureties.

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Susan Valentine
M029001 & M045012
June 10, 1997

Thank you for your understanding of this matter. If you have any questions, please contact me, Tony Gallegos or my supervisor, D. Wayne Hedberg at (801) 538-5291, 538-5267, and 538-5286 respectively.

Sincerely,

A handwritten signature in cursive script that reads "Joelle Burns".

Joelle Burns
Minerals Secretary

jb
Enclosures: (2) original MR-RC's as received 6/5/97; blank MR-RC
cc: Virginia Townsend, Johnson & Higgins w/ blank MR-5
Holnam.ltr